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THE IMPENDING TARIFF STRUGGLE

After the lapse of one of the longest periods of uninterrupted existence ever accorded to an act of tariff legislation in the United States, the tariff act of 1897 is now facing the prospect of repeal or drastic amendment. Current political assertions, with reference to forthcoming action on the tariff, long discredited or accepted only in a Pickwickian sense, must now be assigned a measure of credence. Facts developed during the past eighteen months have given to the demand for tariff revision an importance previously refused to it and have practically rendered definite action imperative. This has happened at a time when the whole question of commercial policy has assumed an unprecedented aspect and when the tariff position of the two principal national parties has largely changed. A period of active tariff discussion is unquestionably opening, not to close until by one or more acts of legislation the present tariff system has been largely altered.

I

Although much has been said of a "demand" for tariff revision, a review of the political history of the past ten years and a careful scrutiny of the current attitude of public opinion does not altogether warrant the opinion that the movement was—until recently at least—a direct outcome of insistent popular clamor. Neither at the election of 1900 nor at that of 1904 did the tariff question appear to receive serious consideration. At no

time during the past ten years has there been a popular dissatisfaction with the tariff like that which led to the McKinley revision, the Wilson tariff, or the Dingley effort to "restore prosperity." In spite, however, of the lack of positive and definite pronouncements on the subject, there has been a current of feeling plainly noticeable at times and proceeding largely from the fact that prices have risen at a rate so rapid as more than to offset additions to wages. The salaried man and wage-earner has found his earning capacity increasing as measured in money but more than paralleled by the enlarged expenditures due to high prices. Increasing perception of the effects of this remarkable rise in prices has undoubtedly stimulated a desire either for some measure of relief which would check the upward trend or for the removal of influences responsible for, or tending to aggravate, it. The average man has been inclined to attribute the rise in prices to the aggressions of protected manufacturers, safeguarded from outside competition by a tariff constantly increasing in relative weight owing to improvements in industrial method and process, while relieved of internal competition by a more and more perfect system of industrial combination or "trust" organization. The underlying drift of thought has been evident.

Such latent popular wish for tariff revision, while providing a strong background for a movement away from the present schedules, would possibly have been insufficient to produce action on the part of the politicians had there been no more immediate force at work. The necessary force has, however, been found in the views of the business public. An influential section of the American manufacturing world has found itself hampered in several ways by the terms of the existing tariff. In the first place it has appeared that our trade with foreign countries, now more and more necessary as a means of disposing of surplus supplies and thereby keeping prices steady at home, has been crippled by the indisposition of foreign countries to grant us admission to their markets upon favorable terms so long as we insist upon excluding them from ours. The situation was sharply and constantly brought to the attention of our business public by the actual tariff threats of Germany and finally the necessity of

negotiations and concessions to that country, but it has been enforced by the infliction upon us of the maximum rates of the French tariff, by the unrest among English producers, and by the discriminating action and hostile position of continental countries generally. In addition to feeling the results of our tariff exclusiveness in the hostility of foreign countries, American manufacturers have, within the past five years, been obliged to suffer from a constantly increasing money expense of production of their goods. This growth in expense of production has placed them at a growing disadvantage abroad and has restricted consumption at home. Study of the situation has made it apparent that the advance in expense of production was not exclusively due to rising wages or to artificial manipulation of the prices of raw materials proceeding from monopolistic organizations, but was in a large measure the result of partial exhaustion of natural resources following upon wasteful use caused by the impossibility of importing materials under the rates of our tariff schedules. In part, too, it has appeared that monopolization of natural resources has been rendered possible largely through the existence of tariff duties on raw materials. Hence has come a demand from the business world that our revenue legislation be remodeled in such wise as to permit manufacturers to resort economically to the best sources of supply available anywhere within competitive reach. The demands of the producing public have been pressed with great earnestness and persistence for at least three years past and have supplied the moving force required to stir the political leaders from their position of "masterly inactivity."

A third source of the pressure that has culminated in a recognition of the need of tariff revision has been the changed tariff methods of foreign countries. The large progress made by the policy of maximum and minimum tariff schedules abroad, and the evident dissatisfaction existing in those countries where our manufacturers are gaining ground without conceding a corresponding market in this country to the foreign producers whose field they are invading, have stimulated in some quarters a belief in the necessity of undertaking a consistent policy designed to

guard our trade against discrimination from without. The Dingley act provides no mechanism for tariff treaties or negotiations with foreign countries, save the slender and now nearly useless concessions mentioned in sec. 3, where the President is given authority to cut out tariff on brandies, still wines, argols, tartars, and wine lees crude, paintings and statuary, in cases where our relations with foreign countries seem to him to warrant such reductions. Experience during the past three years has made it evident that in order to compete successfully in the international struggle for markets a much more extensive provision of this sort, paralleling if not equaling in scope the systems of France and Germany, requires acceptance.

Finally, but by no means least important in considering the factors that have been making for tariff revision, is to be mentioned the recognition by our own officials as never before of the confused state of the present practice under the Dingley act and of the manifest inadequacy of the technical basis on which the schedules of that tariff were shaped. Our dutiable list now contains some four hundred numbers or classifications. With industry in its present highly specialized state, with new inventions increasing daily in numbers and new articles of export and import presenting themselves to the appraisers, it is probably not an overestimate to say that the tariff should contain at least 2,400 numbers, and might well contain 4,000, or ten times as many, as at present, without at all adding to its scope or the general classes of goods it taxes. The increased list of numbers would be obtained merely by a careful reclassification of commodities in which each variety and subvariety of article entering into international trade would be placed in a class by itself and would be assigned a number with a corresponding rate. This would have relieved customs officials of their recent onerous task of deciding whether automobiles should be classed as manufactures of steel or as vehicles, and whether frogs legs imported should be dutiable as poultry or should be classed as "all other."

Apart from the very great extension which should undoubtedly be given to the tariff lists in the way just indicated

there has for some years been a strong call for a revision which should take account of the multitude of court decisions, decisions of the Board of General Appraisers, Treasury decisions, and other executive actions by which the actual working of the tariff has been greatly modified and its application to many classes of business almost wholly altered. Officials of the government who have been sent abroad on missions to foreign countries, and have thus had the opportunity of coming into contact with the methods and administrators of those countries, have returned convinced that action must be taken at once to place our tariff upon a basis of scientific parity with those of foreign countries even if not a single rate of duty were thereby to be altered. These views, coming from unbiased sources, have had their weight, and the unwieldiness and obsolescent character of the schedules as thus revealed has been one of the strongest arguments in favor of further legislation.

II

In looking for the foundations of the prospective tariff law of 1909, it is necessary to glance back to the long session of Congress in the winter of 1907-8. During this session strenuous effort was made by protected interests which foresaw the necessity of tariff revision, and which found themselves suffering from foreign discrimination, to secure a resort to a new method of framing the tariff. Early in the session 1907-8, shortly after the reassembling of Congress subsequent to the Christmas holidays, the National Manufacturers' Association undertook to secure legislation designed to create a tariff commission composed of experts, and vested with the authority to travel over the country, hold hearings, and ascertain the facts with reference to conditions of manufacture and the necessity of new schedules of duties. This demand was formulated in a measure introduced by Senator Beveridge in the upper chamber and known as the Beveridge Tariff Commission Bill. Simultaneously with the appearance of this measure and its advocacy on the floor by its putative author, a delegation representing the manufacturers' association visited Washington and in long interviews with congressional leaders endeavored to secure a pledge of the pas-

sage of the desired tariff commission bill or some substitute which would admit of the appointment of such a commission during the following spring. This request was positively and bluntly rejected by Speaker Cannon, by Chairman Payne of the Ways and Means Committee, and by Chairman Aldrich of the Senate Finance Committee. So strong, however, did the pressure appear to be that serious discussions of the situation took place among the House leaders as well as among members of the administration. At these discussions, considerable difference of opinion made itself evident. While very few members favored the appointment of a tariff commission, congressional pride and self-importance, as well as more solid considerations, standing in the way, there was some substantial support for the belief that the Ways and Means Committee should begin work either immediately or directly after the adjournment of Congress and should undertake hearings at which the views of the various interests affected by tariff legislation might be heard. This idea was strongly advocated by eastern and by some western republicans, but without result. It was replied that to take such action would subject the party to serious criticism from day to day throughout the campaign period and would be a political misstep. House leaders, however, finally became convinced that some more or less formal pledge on the tariff question was required by the country, and Chairman Payne, therefore, in an equivocal speech on the floor, toward the close of the session, declared for revision of the tariff with maximum and minimum schedules of duties. This pledge was indorsed by Speaker Cannon; and Chairman Payne, in informal semi-public utterances, announced his intention of beginning hearings immediately after the election, provided that a Republican majority in the House of Representatives should be returned. The close of the session, therefore, found the dominant party refusing immediate revision but promising action in consideration of a renewal of its lease of life. Political exigencies shortly made it necessary to give a greater degree of definiteness to this vague understanding. Contesting candidates for the Republican nomination for the presidency, found it impossible to avoid the discussion of the tariff question and began

to vie with one another in expressions of opinion regarding the date when revision should be attempted. This process of elimination finally led to a practical understanding that in the event of a Republican victory at the polls the actual enactment of a new tariff should be undertaken at a special session to be called at once upon the inauguration of the new president. In this view of the case, the tariff hearings to which Chairman Payne had already committed himself were left to stand as a measure of preparation for the bill ultimately to be introduced and the party made ready for the Chicago convention upon what amounted to a positive understanding that the first step toward reconstruction of schedules should be taken as soon as the election could be disposed of.

III

Chairman Payne, however, had found it necessary to meet the criticism of tariff opponents in another way. Manufacturers had pointed out with considerable force the entire change in methods of tariff-making which had been produced within recent years. Experts enlarged with much justice upon the need of new classifications founded upon scientific distinctions. Students of foreign trade urgently commended to the attention of legislators the system of trade discriminations by which our commerce was placed at a disadvantage in the markets of the world. It had been upon these grounds very largely that the appointment of a tariff commission had been urged. Congressional leaders in committing themselves to the idea of maximum and minimum schedules had been obliged to recognize the fact that they were unfortunately lacking in the detailed data upon which such maximum and minimum schedules ought to be founded. Congress had barely adjourned, therefore, when Chairman Payne, in order to be able to meet criticism of this description, undertook to set on foot a series of investigations.

1. Mr. Payne requested the Bureau of Manufactures of the Department of Commerce and Labor to gather for the committee all data relating to foreign costs of industrial production that might be available among its existing records or obtainable through its foreign agents. He further requested that the Bureau

supply a compiled statement of the systems of bounties, drawbacks, and export taxes applied by foreign countries and consequently affecting, at least potentially, their trade with the United States.

2. Of the State Department Mr. Payne requested that the consuls and consular officers of the United States in foreign countries be instructed to investigate the conditions under which goods produced in their districts were manufactured and to supply this information to the Bureau of Foreign Trade Relations in the State Department. In order to facilitate such inquiries, the bureau in question supplied the consuls with a list of specific interrogatories which were to be put in every case to manufacturers within their districts. These questions were understood to have been prepared with the assistance of manufacturers and others and were designed to bring out essential features necessary to the ascertainment of comparative costs.

3. Treasury Department officials were asked to compile and furnish to the Ways and Means Committee digests of the decisions of the Board of General Appraisers, of court decisions, and the like, these to be used in the preparation of new classifications and the revision of old ones which had been rendered obsolete through the progress of industry and invention, or through changes in consumption and demand.

4. The Bureau of Statistics in the Department of Commerce and Labor was also instructed to complete its tables relating to imports entered for consumption and other matters, bringing them as nearly as possible up to date, and to supply them to the Ways and Means Committee as statistical material for use in the process of tariff revision.

5. Clerks belonging to the Ways and Means Committee were set at work in the offices at the Capitol to compile and codify statistics in the possession of the committee, completing tabular views of duties, merchandise, etc., which had been employed on former occasions when tariff revision was under consideration.

6. A so-called "tariff bureau" was organized at Auburn, N. Y., and Chairman Payne's son, assisted by an ex-army paymaster, was put in charge of this bureau. The duties of the

bureau seem to have been nothing more than that of receiving the various items of information which had been asked for, consolidating them, publishing such elements of the material as seemed to be desirable, and carrying on a correspondence with manufacturing interests and others who it was believed were in a position to furnish information or to make known the wishes of influential groups of producers. The work of this bureau was nominally carried on throughout the later summer and early fall of 1908.

IV

The subject of tariff revision found an important place in both of the national platforms. At the republican convention a tariff plank containing the following salient features was adopted:

The republican party declares unequivocally for the revision of the tariff by a special session of Congress immediately following the inauguration of the next President and commends the steps already taken to this end in the work assigned to the appropriate committees of Congress which are now investigating the operation and effect of existing schedules. In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries. We favor the establishment of maximum and minimum rates to be administered by the President under limitations fixing the law, the maximum to be available to meet discriminations by foreign countries against American goods and entering their markets, and the minimum to represent the normal measure of protection at home. . . .

At the democratic convention a plank was adopted in which was found the following declaration:

We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list, and material reduction should be made in the tariff upon the necessaries of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home; and gradual reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

At the beginning of the campaign it was far from clear how far the tariff question would figure as an element of political controversy, likely to change votes, but only a comparatively short time was necessary to demonstrate that the issue was to

figure only slightly in the contest. Practically all of the verbose declarations of the two platforms were discarded and the only feature of the question which received any serious consideration was the declaration that, if returned to power, the Republicans would fix duties at a point which should not only offset higher "costs of production" but also afford a fair profit to domestic manufacturers. It was pointed out by those speakers who dealt with the question, as well as in newspaper discussions during the campaign, that by agreeing to assure a fair profit to persons engaged in manufacturing, the Republicans had gone farther than in any platform previously adopted. On former occasions, it was pointed out, the alleged effort in framing a tariff had been to furnish funds for the Treasury, or to place the domestic manufacturer upon a basis of parity with the foreigner in so far as protective duties could effect such a result by offsetting high rates of wages and heavy costs of materials. Very little answer to criticisms of this class was returned by Republican speakers or writers. Some effort was made by the administration leaders to explain with greater definiteness the position taken on the tariff and the line along which revision when undertaken would proceed. Such declarations, however, were unavoidably vague and inconclusive because of counter declarations made by members of the party who differed with the nominal leaders and particularly with the presidential candidate regarding the policy to be accepted. As a matter of fact the existence of two opposing groups within the party made it practically impossible for anyone to offer a positive forecast of the direction to be taken by legislation subsequent to an election. It was at no time plain that the administration to be placed in charge would be able to exert such an influence over Congress as to assure the acceptance of its views or any part of them, while the equivocal character of the declaration in the Republican platform and the vagueness of the Democratic plank precluded the idea of falling back upon either of them as a binding pledge. In the end the election turned largely upon matters of personal choice and, so far as could be judged, either not at all or in a very minor degree upon the issue of tariff revision—to a favorable view of which both parties were

in some sense committed. The results at the polls not only sent to the White House Mr. Taft as the chief of the new administration, but also returned to power practically the whole of the conservative group in Congress by assuring to Speaker Cannon and his chief lieutenants the support of a republican majority of very nearly the same size which had existed during the past two years. Changes in the upper chamber were insufficient to modify the political composition of that body to any material extent and the results of the election thus were to accentuate the opposition of feeling between the contesting groups in the Republican party. With the principal committees in both houses of Congress in charge of men fully committed to the maintenance of the old schedules in so far as possible, and with a president-elect definitely pledged to revision, the materials for sharp and long-drawn controversy over tariff revision were apparently provided.

V

Early in the autumn the work of the consuls and special agents was seen to be either impossible or a complete failure. In letters to the State Department, the consuls complained that they had neither the time, training, nor opportunity to prosecute such inquiries as those which had been intrusted to them. In many cases the routine work of their offices was sufficient to occupy their time quite fully, and they had no chance to devote themselves to the elaborate inquiries necessitated by a conscientious compliance with the requests of the State Department. Moreover, in those cases where consuls had the time and inclination to do as they had been bidden, they promptly found the doors of the factories closed in their faces. Manufacturers refused to answer any such questions as those which the consuls had been ordered to put to them. While a few replies were obtained at the start (before it became generally known among foreign producers what was the purpose of the inquisition to which they were being subjected), knowledge of the object of the investigation soon became diffused. The manufacturers felt that they were being cross-examined in order to provide the Congress of the United States with data designed to establish rates adequate to keep out

of the country all goods which could be made more cheaply abroad than at home. Not unnaturally foreign producers protested that they could not see why they should be called upon to supply information showing what rate would afford the American manufacturer a fair rate of profit over and above a protection equal to the difference in cost of production between American and foreign factories. While it was true that some consuls were guilty of tactlessness or unwisdom in their way of managing the inquiry, sending out printed circulars containing the list of questions and otherwise taking the public into their confidence, this was only a minor element. British manufacturers were not slow to become aware of the real purpose of the inquiries. In Germany word was quickly passed about among the manufacturing class that no information was to be afforded to the consuls and when the latter applied to the Chambers of Commerce, relying upon the provisions of the German trade agreement to aid them in gathering information, they were met by flat refusal to recognize that the agreement in question had any bearing whatever upon the investigation in which the consuls had become involved. At the opening of Congress, although by no means all of the consuls had been heard from, it had become apparent that this phase of the foreign investigation was a disappointing failure.

Experience with the work of the special agents was very little more encouraging than with that of the consuls. Two agents were detached early in the summer by the Bureau of Manufactures and were ordered to visit England, France, Germany, Austria, Italy, Belgium, and Holland, and to investigate "staple products," among which were mentioned steel, textiles, glass, pottery and a few others. The special agents, however, had been at work only a short time when they began to appreciate the magnitude of the duty assigned them and began to send back discouraged reports. They encountered the same coldness if not hostility that had blocked the work of the consuls, and were further hampered by the fact that they were going over the same ground which the consuls had already found it difficult or impossible to cover. The Bureau of Manufactures, as early as No-

vember 1st, began to appreciate the difficulty or impossibility of getting from its agents the minute and specialized details of which Congress would stand in need in the effort to compare money costs of production.

Almost simultaneously with the collapse of the consular undertaking and that of the agents, it was found that comparatively little benefit had been derived from the operations of the Tariff Bureau at Auburn, N. Y. This bureau had done little more than to compile and print digests of treasury and court decisions supplied by the Treasury Department, and statistics supplied by the Bureau of Statistics in the Department of Commerce and Labor. While some advantage was gained in the way of rearrangement of material the expense incurred in connection with this bureau had no practically beneficial result and was exhibited chiefly in the preparation of a large volume entitled "Notes on Tariff Revision" in which were given explanations of technical terms used in manufacturing, a reprint of the Dingley law, and, in parallel columns, a print of the schedules with blank spaces for the insertion of rates of duty and with certain new classifications added as experience had shown to be desirable.

Little more had been done by the Senate finance sub-committee which during the summer had merely arranged for some of the same material that had been solicited by the Ways and Means leaders, and had held a very few hearings chiefly with reference to customs administrative provisions and methods.

VI

Immediately after the result of the presidential election had been announced, Chairman Payne set to work upon the preliminary arrangements for tariff hearings. On the day following the election a few hundred postal cards were sent out to manufacturers and others who had expressed an interest in the subject of tariff revision either through letters addressed to the Ways and Means Committee or in some similar manner. At the same time, notice was given to the press that the hearings would be begun on November 10 and would continue until December 5, a date being set for each of the principal schedules into which

the tariff is divided. This item of news was published by some newspapers and together with the few postal cards which had been mailed by Chairman Payne a week or less in advance of the date for the hearings, were all the notice that the country received.

It was not strange, in view of the hasty way in which the hearings were fixed, that comparatively few witnesses appeared for the purpose of protesting against present schedules of the tariff at the earlier hearings before the Ways and Means Committee, beginning with November 10. For several days there was an almost monotonous reiteration on the part of witnesses of the terms "wise," "beneficent," "praiseworthy," as applied to the Dingley law. Occasionally a jarring note was heard when some producer asked that the duties on articles which he used as raw materials in his industry should be reduced, or when some group of manufacturers complained that their control of the domestic market did not exceed 90 or 95 per cent. of total sales and requested that the tariff be raised in order to prevent a "German" or "Belgian" "invasion." But at the close of the first week of hearings the committee was able to congratulate itself upon the fact that general satisfaction with existing schedules had been exhibited. A change was observed almost from the time when the nature of the hearings became generally understood throughout the country. Consumers and many classes of manufacturers did not hesitate to express themselves in strong opposition to the existing schedules and to ask for an extension of time within which they might prepare and file protests against the tariff rates established in the Dingley law. Such requests were especially numerous with reference to the woolen and metal schedules, glass and glassware, china and pottery, hides and leather, boots and shoes, and others. A small group of witnesses appeared for the purpose of protesting both in the name of consumers and of the class of smaller manufacturers against the Dingley law. By December 5, the date set for the closing of the hearings, the pressure on the committee had become such as to necessitate an extension of the time within which additional hearings could be set by the chairman of the committee, should he so desire, while it had become plainly evident that the general satisfaction with

the tariff schedules alleged at the opening was purely imaginary.

Among the economic facts which stand out conspicuously in the hearings are three in number: (1) the unrest and dissatisfaction of the smaller manufacturers; (2) the substantial agreement of larger manufacturers in the various lines who had succeeded in securing special concessions under the Dingley law, to stand together for the maintenance of existing protection; (3) the latent dissatisfaction and suffering of the consumer as the result of the excessive high prices developed during the history of the Dingley law and in part probably attributable to the industrial combinations shielded by tariff rates which had grown up during those years. Equally striking was, however, the attitude of the Ways and Means Committee itself and the political alignment which was rapidly brought into view in the course of the controversy. The remarkable facts in the position assumed by the Ways and Means Committee were seen in the evident segregation of both sides into several different groups. Among the Republican members three conspicuously (Messrs. Payne, New York, Dalzell, Pennsylvania, and Fordney, Michigan) were designated as the ultra-conservative wing of the party. By their questions they exhibited a strong desire that the tariff duties be maintained upon practically the present basis. A second group, including Messrs. Boutell, Ohio, Crumpacker, Indiana, and McCall, Massachusetts, appeared to favor liberal revision in the interest of the consumer. Between these two extremes the remainder of the republican members (including Messrs. Hill, Connecticut, Bonyne, Colorado, Longworth, Ohio, Gaines, West Virginia, Calderhead, Kansas, and Needham, California, were scattered, some inclining to the one or the other of the groups at either end of the table. On the Democratic side an equal division of opinion was manifested. Representative Underwood of Alabama early declared himself in favor of a revenue tariff, thus practically allying himself with the liberal wing of the Republicans, while at the opposing extreme stood Representative Champ Clark, the dean of the Democratic members, and the leader of the minority on the floor of the House. Between these two practically opposing views were distributed Mr. Bourke Cockran of

New York and James M. Griggs of Georgia, Randell of Texas, and Pou of North Carolina, these different members inclining now to one side and now to the other, according as they were swayed by self-interests of the views of their constituents. Marked inroads among the southern free-trade democracy were also made evident when Florida growers appeared in large numbers to beg for duties upon long staple cotton and citrus fruit while Louisianians and Texans begged for duties on rice and sugar and other southern states called for protection to their tobacco, lumber, and other interests.

A third striking element in the political situation was also exhibited in the semi-official utterances which began to emanate from President-elect Taft and the group of men (most of them to be influential in the new administration) by whom he was surrounded. Mr. Taft, while not committing himself positively to any definite proposition, allowed it to be understood, as soon as grave bias had been indicated by the Ways and Means Committee, that he was by no means in sympathy with the ultra Bourbon tendencies that were being exhibited around the committee table, but was looking to a straightforward revision of the tariff, of course along protectionist lines, but without any predisposition in favor of the existing Dingley rates. It was this position on the part of Mr. Taft that led to some change in the attitude of the Ways and Means Committee toward witnesses who came before it to ask for lower duties or free trade and that led to the extension of the time of the hearings. In view of the strong public opinion which had been aroused against Speaker Cannon and the oligarchical coterie through which the Speaker has of late years controlled the House of Representatives (this coterie being practically identical with that which had been exhibiting the most marked conservative feeling on the tariff); in view also of the pending struggle over the speakership which might be made acute should the president-elect see fit to throw his influence into the scales against the Speaker at the opening of the newly elected Congress; it became clear that careful manipulation would be necessary in order to prevent the outbreak of serious trouble.

VII

The tariff problem which must be solved by Congress and the new Republican administration is probably more complex than any similar question that has been presented for many years past. On the one hand the present schedules are recognized as wholly out of date from the technical and industrial standpoint. Even if the rates of duty were, in general, to be retained a complete and total rearrangement of the numbers and paragraphs in the existing tariff would be absolutely indispensable. This is a work of great technical importance for which Congress has made little preparation and with which it is most illy equipped to deal. More important than this is the fact that the present system of tariff duties on raw materials calls loudly for revision under penalty of exhaustion of some of the most valuable materials of industry, in the event that no heed is paid to long-range economic considerations. More important still, from the standpoint of legislation and politics, is the fact that duties on commodities that have been advanced in value by a process of manufacture are shown by experience to be wholly out of joint either with protective or commercial necessities. Extortionate prices to the consumer, the formation of industrial combinations, and the total maladjustment of prices to consumption and to wages and salaries, are some of the elements in the situation which call for notice. The further fact that our export trade has about reached its apparent limit of profitable expansion under a system of tariff duties as unfavorable as those now in use, and that competition with countries less severely trammled by restrictions is proving more and more of a burden, is a consideration requiring much attention. Congress, however, faces a deficit on the current year's operations of probably from \$100,000,000 to \$110,000,000, with a deficit of about \$60,000,000 as the actual outcome of the last fiscal year. Resort to customs duties in a revised and more productive form or else the addition of some new and probably unpopular form of taxation is the only way out of the fiscal difficulties against which the national Treasury has been contending.

Politically, the situation is proving itself far from encouraging. Despite a huge majority at the polls, the divisions within

the Republican party with reference to the tariff have been growing, and have at length reached a point which threatens disintegration to the party in case causes for controversy and differences of opinion growing out of these are allowed to develop further. Congressional leaders recognize far more clearly than do members of the party throughout the country that the presidential election of 1908 was in large measure a personal victory in which revenue or customs questions figured scarcely at all owing to the peculiar conditions by which the struggle was surrounded. It is scarcely an assistance that the Democratic party is as much disturbed over the tariff as is its opponent. The growth of rampant protectionism in the southern states and the division of the Democrats themselves between a low-tariff group and a tariff for revenue faction has complicated the outlook and rendered the prospects still more doubtful.

Two possibilities in the way of tariff revision are now presented to the congressional leaders. The first is the complete reorganization of the present tariff schedules on a basis that will meet our commercial necessities abroad, stop the waste of natural resources, put the manufacturer upon a more favorable competitive basis and grant to the consumer such relief as is possible coincidentally with the maintenance of the protective idea now dominant throughout the country and with the earning of adequate federal revenue. This is a work for which Congress, as already stated, is ill-fitted and unprepared, and for success in which it is necessary that long and conscientious effort be devoted to the formulation of the new schedules and rates of duty.

The second is the hasty passage of a temporizing bill which will remedy few or none of the existing difficulties and will merely satisfy a party pledge for "revision."

Should the former alternative be accepted, a long and difficult struggle must be the inevitable result. Should the latter expedient be attempted, no relief will be afforded to the evils which have produced the present tariff situation, and tariff controversy will inevitably continue until the subject is seriously taken in hand.

H. PARKER WILLIS